

Thousands of layoffs in Japan

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Over the last one and half months, 500 of Japan's major corporations—almost 20 percent of the country's listed companies—announced their intention to shed thousands of jobs.

Oji Paper, Japan's largest paper manufacturer, said it would eliminate 22,000 jobs, or 8 percent of its workforce. The company was expecting to post a record group net loss of \$US134 million this year.

Sony announced it would cut over 17,000 jobs from its 55,000-strong workforce. Sega Electronics will axe 1,000 jobs and another four companies, including Hitachi and giant department store Sogo, are planning to destroy 25,000 between them. NEC will abolish 15,000 jobs worldwide and long-distance phone company KDD said it would cut 2,000 jobs over the next five years.

Honda has already begun downsizing the workforce in its plants in Suzuka and Sayama to reduce what it terms "excess production capacity" and will close one of its five assembly lines. Mitsubishi will cut 14,500 jobs globally or 12 percent of its workforce. Many of these jobs will be culled from the company's Japanese operations. Nissan announced it would scale back production, shut down "unprofitable operations" and slash 5,000 jobs as part a global reorganisation to remove 15,000 jobs worldwide.

Japan Airlines, Asia's largest carrier, said it would drastically cut staff over the next two years to reduce company debt by \$850 million. Japan's big city banks have pledged to reduce their workforce by 21,000.

A wave of job destruction is looming in Japan's troubled steel industry, hard hit by reduced demand and plunging world prices. Spokesmen for the industry are forecasting a further 10 percent slump in sales and an 86 percent drop in profits. Excess capacity in the steel industry stands at 40 per cent, in textiles it is upwards of 30 per cent and in car manufacturing, 26 percent.

In all, restructuring, profit losses and business failures

already have put 1.06 million people out of work; 100,000 in the past month. Manufacturing and construction, the heart of Japan's industry, lost three quarters of a million jobs in the past 12 months. Japanese companies suffered a 72 percent profit fall in the year to March.

The country's unemployment rate stands at a record 4.8 percent, with 3.42 million people officially out of work. Some reports say that the true jobless figure could be as high as 5 million. The official rate among male workers stands at 5 percent, the highest since the government began compiling figures in 1953. While there has been a small increase in employment for women, this is due to the growth of part-time and casual jobs at the expense of full-time work. The number of women working part-time has increased by 70 percent.

International investors are demanding an even more aggressive restructuring program aimed at slashing the numbers of workers who are kept on company payrolls as part of the country's "lifetime employment" policy. The "jobs for life" policy has been a central feature of post-war Japan—it was used to placate the working class and head off widespread social unrest after the war.

Warning that the period of "sacred cows" had ended, a spokesman for MSI Global, an investment advisory firm, said: "The Japanese restructuring process has a long way to go. But it's going to accelerate and nothing will be untouched." A leading official from Keidanren, the country's most influential big business lobby, said: "It is essential that Japan undergo the painful process of cutbacks as soon as possible to restore profit and global competitiveness." According to one report, almost 4.5 million workers are "not gainfully employed".

Ample evidence now exists that shows all too clearly the social consequences of the restructuring program. In the parks of every city are to be found lines of tents

erected by the unemployed and homeless. Every day they join the growing queues to be fed by volunteers from charitable organisations.

Suicides are also on the increase, not only among executives of failed companies but also among ordinary workers who have lost their jobs. Last month a senior executive of a failed bank hanged himself rather than face questions over its collapse. A week later a Bridgestone purchasing clerk killed himself in front of the company's president to protest against the firm's cost-cutting measures. These are only the most dramatic incidents—the ones that make their way into the daily news.

Prime Minister Keizo Obuchi last week reversed an earlier decision and announced that the government would introduce a supplementary budget "in a bid to combat unemployment". He promised that a mini-budget due to go before the Diet in September would include more public works spending.

However, it is doubtful that this will have any significant effect on the employment figures. The 24 trillion yen (\$US308 billion) stimulus package launched by the government last November did little to stem the tide. Even with a massive infusion of funds into building projects, the construction industry scrapped over 100,000 jobs in the past month alone.

Rather than creating jobs, the government's measures are designed to speed the restructuring process and give handouts to the corporations. Chief Cabinet Secretary Hiromu Nonaka said the mini-budget would contain "subsidies for job training" to "help firms to shed excess factories and workers".



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